

FAMILY ENGAGEMENT SURVEY






For many, a private foundation is a family endeavor, providing an opportunity to transmit values, bond through shared good work, and establish a tradition of giving back.





Although family involvement is clearly important, there is a surprising dearth of information about how donors actually cultivate it. That's why Foundation Source, the nation's largest provider of comprehensive services for private foundations, surveyed its 1,200 private foundation clients about how they engage their families in their philanthropy.









The results on the following pages were tabulated from 203 respondents.

# 1. Most of the foundations responding to our survey are relatively new and are the province of nuclear families.

The majority of foundations in our survey (57.4%) are currently controlled by their original founders/initial donors and have two generations (55.2%) serving as members. Respondents told us that the donor (67.2%), donor's spouse (55.6%), and donor's children (72.7%) are involved in the foundation. Grandchildren are sometimes involved (30.8%), but the donor's siblings (8.6%), parents (2%), and other relations are less likely to be involved, indicating that these foundations are typically controlled by immediate families.



If the founders/initial donors to the foundation are considered Generation 1, their children are Generation 2, grandchildren Generation 3, etc., what generation is currently in control of the foundation?		
		Response Percent
Generation 1		57.43%
Generation 2		29.70%
Generation 3		8.42%
Generation 4		1.49%
Other		2.97%





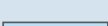
How many generations are currently on the foundation?		
		Response Percent
1 Generation		26.11%
2 Generations		55.17%
3 Generations		16.75%
4 Generations		1.97%

What family members are currently involved in the foundation? (Check all that apply)		
		Response Percent
Donor		67.17%
Donor's spouse		55.56%
Donor's parent(s)		2.02%
Donor's siblings		8.59%
Donor's children		72.73%
Donor's grandchildren		30.81%
Donor's great-grandchildren		11.62%
Spouses of any of the above		22.22%
Step-children of any of the above		6.57%

## 2. Board service is almost always a family affair.







Only 27.2% of respondents told us their foundations permit non-family members to serve. In fact, when asked which relatives of the founder are permitted to serve on the foundation, most respondents told us that eligibility for board service is typically limited to the founder's spouse (63.8%) and children (93.2%). Children's spouses (35.1%), step-children/adopted children (19.4%), and divorced spouses (2.1%) are less likely to participate.

Are non-family members permitted to serve on the foundation?		
		Response Percent
Yes		27.23%
No		72.77%

Which of the following relatives of the founder are permitted (or will be permitted) to serve on the foundation? (Check all that apply)		
		Response Percent
Spouse		63.83%
Divorced spouse(s)		2.09%
Children		93.19%
Children's spouses		35.08%
Step-children and/or adopted children		19.37%





## 3. When should kids get involved in the foundation? Perhaps when they're no longer kids.






When asked, "At what age is it appropriate to first involve offspring in the family foundation?" over half of the respondents chose either the ages of 18-25 (32.5%) or 26-40 (19.5%). A slightly smaller percentage (26%) said it would be appropriate to introduce teenagers, age 13-17, to the foundation, but fewer (19.5%) felt that younger children, age 6-12, should be involved. Just 2% said that children younger than age six should be involved in the foundation in any capacity.

In your opinion, at what age is it appropriate to first involve offspring in the family foundation (in any capacity)?		
		Response Percent
Under age six		2.00%
6-12		19.50%
13-17		26.00%
18-25		32.50%
26-40		19.50%
Over 40		0.50%

#### 4. Board membership is adults-only, and it's earned.

Respondents agreed, almost unanimously (97%), that offspring should only be eligible to become board members or trustees once they've passed their 18th birthday. In fact, 54.8% felt that offspring should be in the 26-40 age range before assuming their place at the table. Moreover, when asked how family members should be chosen to serve, 61.4% said membership should be "based on interest, commitment." 16.8% said membership should be "based on competence, skill," and only 12.7% said membership should be conferred automatically upon children reaching a certain age.

At what age is it appropriate for offspring to become trustees or board members?		
		Response Percent
Under 13		0.00%
13-17		3.02%
18-25		35.68%
26-40		54.77%
Over 40		6.53%

How should family members be chosen to serve as trustees/board members? (Choose one)		
		Response Percent
Automatic based on age		12.69%
Based on completion of certain benchmarks/tasks		3.55%
Based on competence, skill		16.75%
Based on interest, commitment		61.42%
Chosen to represent family branch		5.58%




### 5. Instilling a family tradition—and making a difference—are of paramount importance.








When asked to name the most important family benefit of having a private foundation, respondents chose “establish a tradition of giving” (41.5%) and “make an impact on an issue or in the community” (34.7%). Other benefits, such as “transmit values to the next generation” (18.7%) and “provide a meaningful opportunity to get together with the family,” (4.7%) were less frequently deemed the most important benefits.

There are many benefits of having a private foundation, but which one is the most important to your family? (Choose one)		
		Response Percent
None		0.00%
Establish a tradition of giving		41.45%
Teach competencies and skills (e.g., investment management)		0.52%
Provide a meaningful opportunity to get together with the family		4.66%
Transmit values to the next generation		18.65%
Make an impact on an issue or in the community		34.72%

### 6. Geographic dispersion and time limitations pose major challenges to engagement.









Almost half of respondents (45.5%) have a significant number of foundation members living in different states or metro areas, and 6% have members living outside the U.S. Therefore, it's not terribly surprising that 33.7% of survey respondents said “geographic dispersion” was a primary challenge of engaging the family in the foundation. “Time limitations” (34.7%) were also vexing, as were “family dynamics” (25.1%) and “apathy/lack of interest” (20.6%). Happily, 18.6% said there were no obstacles whatsoever to engaging their families in their foundations.

Please describe the location of family members who are involved in your foundation. (Choose one)		
		Response Percent
All, or almost all, live in a single state or metro area		48.50%
A significant number live in different states or metro areas		45.50%
One or more live outside the U.S.		6.00%

What are the primary challenges of engaging the family in the foundation? (Check all that apply)		
		Response Percent
None		18.59%
Geographic dispersion of family members		33.67%
Time limitations		34.67%
Family dynamics		25.13%
Apathy/lack of interest		20.60%
Children too young		11.06%
Divergent interests		19.10%




## 7. Suggesting charities to fund, discretionary grantmaking, and grant certificates are popular incentives for next-generation involvement.






When asked how they had tried to get the next generation involved in the foundation, the most popular answer was “suggesting charities to fund” (40.4%). However, many clients go a step further to encourage next-generation participation: letting their children select grantees. 37.2% of respondents said they provided discretionary funds or grant certificates (a Foundation Source innovation that allows children or other non-foundation members to issue grants on behalf of the foundation in preset amounts up to a specified dollar limit). Other popular means of inspiring participation include “observing and listening to board members” (28.6%) and “site visits” (26.8%). 12.6% said that they’d created junior boards for this purpose.

How have you tried to involve the next generation in the foundation? (Check all that apply)		
		Response Percent
N/A, does not apply		21.31%
Creating a junior board		12.57%
Observing and listening to board members		28.56%
Serving on a trial board or committee membership before full nomination		6.56%
Suggesting charities to fund		40.44%
Site visits		26.78%
Discretionary grant funds or grant certificates		37.16%
Attending philanthropy conferences		15.30%

## 8. More than half of the foundations provide discretionary funds to members.







A majority of respondents (56.7%) allow foundation members to award grants on an individual basis, and an additional 13.8% are “considering it.” When asked how much they provide (or will provide) to each individual, 10.3% said “\$10,000-\$20,000” and 35.3% said “over \$20,000.” However, a significant percentage of respondents said their foundations allocate smaller sums for these grants: \$1,000-\$5,000 (30.9%) or \$5,000-\$10,000 (18.4%).

Does your foundation provide foundation members “discretionary funds” to award on an individual basis?		
		Response Percent
Yes		56.65%
No		29.56%
No, but we’re considering it		13.79%

If you do provide discretionary funds (or will), approximately how much is or will be allocated to each individual?		
		Response Percent
Under \$1,000		5.15%
\$1,000-\$5,000		30.88%
\$5,000-\$10,000		18.38%
\$10,000-\$20,000		10.29%
Over \$20,000		35.29%




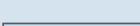
### 9. Discretionary funding typically accounts for less than a quarter of the foundation's grantmaking budget.

Most respondents said that discretionary funding accounted for less than a quarter of their foundation's total grantmaking budget: "5% or less" (36.8%) or "10%-25%" (29.4%). However, a small number of foundations (15.4%) allocate 100% of their budgets to discretionary grantmaking.

Approximately what percentage of your foundation's grantmaking budget is (or will be) allocated to discretionary grantmaking?		
		Response Percent
5% or less		36.76%
10%-25%		29.41%
25%-50%		9.56%
50%-75%		3.68%
75%-99%		5.15%
100%		15.44%

### 10. There's no one model for decision-making around grantmaking.

Although 31.1% of respondents said their foundations arrive at grantmaking decisions via majority vote, others said these decisions were made by each member individually (26%), by unanimous vote/group consensus (24%), or unilaterally (18.9%).

How are decisions made on the majority of your foundation grants? (Choose one)		
		Response Percent
Unilateral decision by one person		18.88%
Majority vote		31.12%
Unanimous vote/group consensus		23.98%
Each member makes his or her own decisions		26.02%



### 11. Most family foundations prefer to find their own grantees.

With family foundations, grantmaking is highly personal and relationship-based. When asked how grant ideas are brought to the foundation, respondents said “invitation-only by family members” (38.1%) and “through personal networks or affiliations” (32.3%). Only 10.1% said they responded to unsolicited requests from nonprofit organizations.

How are grant ideas brought to the foundation? (Choose one)		
		Response Percent
Invitation-only by family members		38.10%
Unsolicited requests from organizations		10.05%
Through personal networks or affiliations		32.28%
Based on historical relationships		9.52%
Formal RFP		4.76%
Research by staff or consultants		5.29%

### 12. For many, family engagement and philanthropic impact are considered equally important.

Although outsiders may picture the boards of private foundations conferring in paneled conference rooms, the reality is that most of them consist of families gathered around their kitchen tables. Although they expect their foundations to make a difference in their communities, our clients want their foundations to make a qualitative difference to their families as well. Therefore, when asked to compare the importance of “family engagement” with “having an impact,” we were not surprised to find that 62.2% of respondents said they were equally valuable.

All things being equal, how important is “family engagement” as a foundation priority compared to “having an impact”?		
		Response Percent
Not as important		22.96%
About the same		62.24%
More important		14.80%

**About Foundation Source ([www.foundationsource.com](http://www.foundationsource.com))**

Foundation Source is the nation's largest provider of comprehensive support services for private foundations. The company's administrative services, online foundation management tools, and philanthropic advisory services provide a complete outsourced solution, including the creation of new foundations. Our clients supply the vision; we provide everything else.

Now in our second decade, Foundation Source provides its services to more than 1,200 family, corporate, and professionally staffed foundations, of all sizes, nationwide. We work in partnership with wealth management firms, law firms, and accounting firms, as well as directly with individuals and families. Foundation Source is headquartered in Fairfield, Connecticut, with offices in Boston, Chicago, Los Angeles, New York City, Philadelphia, San Francisco, Seattle, and South Florida.



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